

# Emerging Markets Inflation-Linked Bond Fund E-MDIST-Euro

31.08.2021 Monthly Professional Factsheet

## Strategy

The fund primarily invests emerging market inflation linked government bonds denominated across emerging market currencies. A mixture of strategies such as inflation breakevens, cross-market positions and interest rate biases are used. The fund aims to offer the potential for inflation-carry, capital and currency appreciation. The fund is managed according to Fidelity's active philosophy and approach to fixed income investing. This is team-based, but led by the Portfolio Manager to generate attractive risk-adjusted returns through combining multiple, diversified investment positions advised by in-house fundamental credit research, quantitative modelling and specialist traders.

## Objectives & Investment Policy

- The fund aims to provide real income and capital growth. Real income is the income after adjusting for inflation.
- The fund will invest at least 70% in inflation-linked bonds issued by governments and government agencies of emerging countries worldwide.
- Investments will be made in, but not limited to, Latin America, South East Asia, Africa, Eastern Europe (including Russia) and the Middle East.
- The fund can invest in bonds issued by governments, companies and other bodies.
- The fund has the freedom to invest outside its principal geographies, market sectors, industries or asset classes.
- The fund is unconstrained in the amount that it may invest in sub investment grade and/or high yield securities or issuers.
- The fund may invest in assets directly or achieve exposure indirectly through other eligible means including derivatives. The fund can use derivatives with the aim of risk or cost reduction or to generate additional capital or income, including for investment purposes, in line with the fund's risk profile.
- Investments may be made in currencies other than the fund's reference currency. Exposure to currencies may be hedged, for example with currency forward contracts. The fund's reference currency is the currency used for reporting and may be different from the currency of denomination of the investments.
- The fund is actively managed. The Investment Manager will, when selecting investments for the fund and for the purposes of monitoring risk, reference Bloomberg Barclays Emerging Markets Tradable Inflation-Linked Short Maturity Index (the "Index"). The fund's performance can be assessed against its Index. The Investment Manager has a wide range of discretion relative to the Index. While the fund will hold assets that are components of the Index, it may also invest in issuers, sectors, countries and security types that are not included in, and that have different weightings from, the Index in order to take advantage of investment opportunities.
- Income earned by the fund is reinvested in additional shares or paid to shareholders on request.
- Shares can usually be bought and sold each business day of the fund.
- With effect from 20 September 2021, this fund will merge into Fidelity Funds – Emerging Market Local Currency Debt Fund.

## Fund Facts

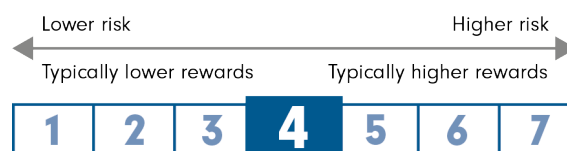
Launch date: 16.11.11  
Portfolio manager: Paul Greer, Eric Wong, Marton Huebler  
Appointed to fund: 01.01.19, 01.01.19, 01.07.19  
Years at Fidelity: 9, 9, 15  
Fund size: €37m  
Fund reference currency: US Dollar (USD)  
Fund domicile: Luxembourg  
Fund legal structure: SICAV  
Management company: FIL Investment Management (Luxembourg) S.A.  
Capital guarantee: No  
Portfolio Turnover Cost (PTC): 0.00%  
Portfolio Turnover Rate (PTR): 211.82%

## Share Class Facts

Other share classes may be available. Please refer to the prospectus for more details.

Launch date: 07.11.12  
NAV price in share class currency: 7.881  
ISIN: LU0840139603  
SEDOL: B8FFR37  
Bloomberg: FEMEMDE LX  
Dealing cut-off: 15:00 UK time (normally 16:00 Central European Time)  
Distribution type: Income  
Distribution frequency: Monthly  
Ongoing Charges Figure (OCF) per year: 1.94% (30.04.21)  
OCF takes into account annual management charge per year: 1.00%

## Share Class Risk and Reward Profile



This risk indicator is taken from the key information document at the relevant month-end. Because it may be updated during a month, please refer to the key information document for the most up-to-date information.

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.

## Important Information

The value of investments and any income from them may go down as well as up and an investor may not get back the amount invested. The use of financial derivative instruments may result in increased gains or losses within the fund. This fund invests in emerging markets which can be more volatile than other more developed markets. Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be difficult to sell. There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall. The investment policy of this fund means it can be more than 35% invested in Government and public securities. These can be issued or guaranteed by other countries and Governments. For a full list please refer to the fund's prospectus.

Past performance is not a reliable indicator of future results. The fund's returns can be affected by fluctuations in currency exchange rates.

## Performance Comparator(s)

Peer Group Universe

Morningstar EAA Fund Other Bond

Market index from 08.06.13

Bloomberg Emerging Markets Tradable Inflation Linked Short Maturity Index

Market index is for comparative purposes only unless specifically referenced in the Objectives & Investment Policy on page 1. The same index is used in the positioning tables on this factsheet.

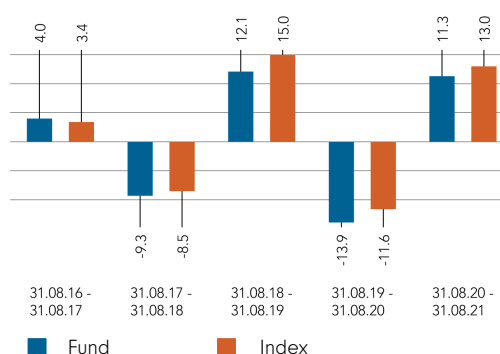
Where the effective date for the current market index is after the share class launch date, full history is available from Fidelity.

## Cumulative performance in EUR (rebased to 100)

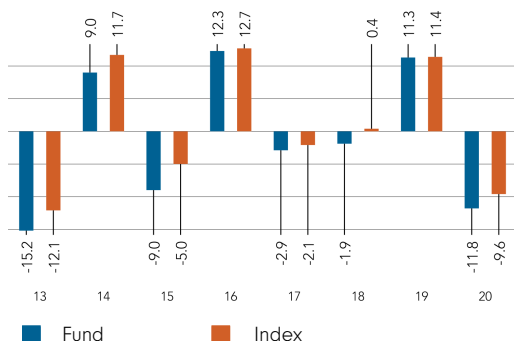


Performance is shown for the last five years (or since launch for funds launched within that period).

## Performance for 12 month periods in EUR (%)



## Performance for calendar years in EUR (%)



## Volatility & Risk

Annualised Volatility: fund (%)	11.00	Annualised Alpha	-2.58
Relative Volatility	1.12	Beta	1.10
Sharpe Ratio: fund	0.26	Annualised Tracking Error (%)	2.29
		Information Ratio	-1.01
		R <sup>2</sup>	0.96

Calculated using month-end data points. Definitions of these terms can be found in the Glossary section of this factsheet.

## Performance to 31.08.21 in EUR (%)

	1m	3m	YTD	1yr	3yr	5yr	Since 07.11.12*
Fund cumulative growth	1.4	4.3	4.4	11.3	7.5	1.4	-8.0
Index cumulative growth	1.5	4.2	5.8	13.0	14.9	8.7	10.0
Fund annualised growth	-	-	-	11.3	2.4	0.3	-0.9
Index annualised growth	-	-	-	13.0	4.7	1.7	1.1

## Ranking within Peer Group Universe

Y-ACC-USD	202	213	334	126	537	390
Total number of funds	1657	1630	1539	1467	1049	700
Quartile ranking**	1	1	1	1	3	3

Source of fund performance and volatility and risk measures is Fidelity. Performance is excluding initial charge.

Basis: nav-nav with income reinvested, in EUR, net of fees.

Market indices are sourced from RIMES and other data is sourced from third-party providers such as Morningstar.

\*Performance commencement date.

\*\*Quartile rank is for the fund's primary share class as identified by Morningstar, which may be different than the share class detailed in this factsheet and refers to performance over time rated on a scale of 1-4. A ranking of 1 indicates that the item being ranked is in the top 25% of the sample and so on. Rankings are based on a performance record that is included in the Peer Group Universe. In line with Investment Association methodology, this record may include a track record extension from a legacy share class and the record may not be the same class of this factsheet. Quartile ranking is an internal Fidelity International calculation. Ranking may vary by share class.

If you took an initial charge of 5.25% from an investment, this is the equivalent of reducing a growth rate of 6% per annum over 5 years to 4.9%. This is the highest initial charge applicable, if the initial charge you pay is less than 5.25%, the impact on the overall performance will be less.

## Introduction

This factsheet contains information about the composition of the fund at a particular point in time. It aims to help you understand how the manager has positioned the fund to meet its objectives. Each table shows a different breakdown of the fund's investments. The index used in the positioning tables is the index defined in the Performance Comparator(s) section on page 2 of this factsheet.

## Portfolio Characteristics

	Fund	Index	Relative
Distribution Yield (%)	0.3	-	-
Effective Duration	3.0	2.5	0.5
Running Yield (%)	4.8	3.2	1.6
Yield to Maturity (%)	3.5	1.6	1.8
Spread Duration	0.0	0.0	0.0
Option Adjusted Spread (Basis Points)	4	-1	5
Duration Times Spread (DTS)	14	-5	19
Number of Holdings	32	-	-
Number of Names	17	-	-
Average Credit Rating (Exponential)	BB	BB+	n / a
Average Credit Rating (Linear)	BBB	BBB-	n / a
Average Maturity (years)	3.3	2.6	0.7
Average Coupon (%)	5.4	2.4	3.0

Definitions of these characteristics can be found in the Glossary section of this factsheet.

## Derivatives Exposure

	Long %	Short %	Net %	Gross %
Bond / Interest Rate Futures	4.44	-2.76	1.68	7.20
Interest Rate Swaps	4.16	0.00	4.16	4.16
Inflation Indexed Swaps	0.00	0.00	0.00	0.00
Credit Default Swaps	0.00	0.00	0.00	0.00
Index Credit Default Swaps	0.00	0.00	0.00	0.00
Mortgage To Be Announced	0.00	0.00	0.00	0.00
<b>TOTAL</b>				<b>11.36</b>

Exposure as a percent of total net assets. Excludes FX forwards.

## Asset Allocation

	Security Holdings (excl. Derivatives)			Contribution to Duration (incl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Treasury	3.89	0.00	3.89	0.3	0.0	0.3	0	0	0
Index Linked	84.35	100.00	-15.65	2.2	2.5	-0.3	-6	-5	-1
Investment Grade - Sovs Supras & Agencies	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Investment Grade - Financials	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Investment Grade - Non-Financials	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Investment Grade - ABS	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Investment Grade - Emerging Markets	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
High Yield	6.19	0.00	6.19	0.2	0.0	0.2	74	0	74
Index Credit Default Swaps	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Other	0.87	0.00	0.87	0.0	0.0	0.0	0	0	0
Interest Rate Derivatives	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
FX / Derivative P&L	0.22	0.00	0.22	0.3	0.0	0.3	-54	0	-54
Cash	4.48	0.00	4.48	0.0	0.0	0.0	0	0	0
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>3.0</b>	<b>2.5</b>	<b>0.5</b>	<b>14</b>	<b>-5</b>	<b>19</b>

Security Holdings as a percent of total net assets. Contribution to duration (CTD) and contribution to duration-times-spread (DTS) are in the appropriate units of measure. CTD and DTS include the effect of derivatives. 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance). 'Index linked' includes non-government index linked bonds.

## Sector Positioning

	Security Holdings (excl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative
Treasury	67.77	73.09	-5.32	25	-4	30
Quasi / Sov / Supra / Agency	27.52	26.91	0.61	42	-1	43
Agency Mortgages	0.00	0.00	0.00	0	0	0
Banks & Brokers	0.00	0.00	0.00	0	0	0
Insurance	0.00	0.00	0.00	0	0	0
Property	0.00	0.00	0.00	0	0	0
Other Financials	0.00	0.00	0.00	0	0	0
Basic Industry	0.00	0.00	0.00	0	0	0
Capital Goods	0.00	0.00	0.00	0	0	0
Consumer Cyclical	0.00	0.00	0.00	0	0	0
Consumer Non Cyclical	0.00	0.00	0.00	0	0	0
Energy	0.00	0.00	0.00	0	0	0
Transportation	0.00	0.00	0.00	0	0	0
Technology	0.00	0.00	0.00	0	0	0
Communications	0.00	0.00	0.00	0	0	0
Industrial Other	0.00	0.00	0.00	0	0	0
Utility	0.00	0.00	0.00	0	0	0
Covered	0.00	0.00	0.00	0	0	0
Non Agency	0.00	0.00	0.00	0	0	0
ABS / MBS	0.00	0.00	0.00	0	0	0
Unclassified	0.00	0.00	0.00	0	0	0
Index Credit Default Swaps	0.00	0.00	0.00	0	0	0
Interest Rate Derivatives	0.00	0.00	0.00	0	0	0
FX / Derivative P&L	0.22	0.00	0.22	-54	0	-54
Cash	4.48	0.00	4.48	0	0	0
Rounding adjustment	0.01	0.00	-	1	0	0
Total	100.00	100.00	-	14	-5	19

Security Holdings as a percent of total net assets. Contribution to duration-times-spread (DTS) in the appropriate unit of measure. DTS includes the effect of derivatives. 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance).

## Financial Sector Exposure By Capital Structure

	Security Holdings (excl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative
Govt Guaranteed	0.00	0.00	0.00	0	0	0
Covered	0.00	0.00	0.00	0	0	0
Senior	0.00	0.00	0.00	0	0	0
Tier 2	0.00	0.00	0.00	0	0	0
Tier 2 CoCo	0.00	0.00	0.00	0	0	0
Tier 1	0.00	0.00	0.00	0	0	0
Additional Tier 1	0.00	0.00	0.00	0	0	0
Insurance Corp Hybrids	0.00	0.00	0.00	0	0	0
Other	0.00	0.00	0.00	0	0	0
Total	0.00	0.00	0.00	0	0	0

Security Holdings as a percent of total net assets. Contribution to duration-times-spread (DTS) in the appropriate unit of measure. DTS includes the effect of derivatives. 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance). The Financials sector includes the following sub-sectors: Banks & Brokers, Insurance & Covered.

## Duration Breakdown (By Currency)

	Fund			Index	Relative
	Nominal	Real	TOTAL		
MXN	0.10	0.44	0.53	0.45	0.08
BRL	0.00	0.41	0.41	0.43	-0.02
TRY	0.00	0.32	0.32	0.33	-0.02
ZAR	0.29	0.00	0.29	0.29	0.00
KRW	0.00	0.23	0.23	0.10	0.13
Other	0.44	0.79	1.23	0.93	0.30
TOTAL	0.83	2.19	3.01	2.53	0.47

Duration includes the effect of interest rate derivatives such as government bond futures, inflation swaps and interest rate swaps. Nominal Fund refers to the sensitivity to nominal yields, whereas Real Fund refers to the sensitivity to inflation-linked / real yields.

## Credit Rating

	Security Holdings (excl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative
AAA/Aaa	0.00	0.00	0.00	0	0	0
AA/Aa	5.02	2.80	2.23	0	1	-1
A	16.18	19.41	-3.23	-1	-1	0
BBB/Baa	32.80	33.29	-0.50	-4	-4	0
BB/Ba	25.46	35.53	-10.08	-53	0	-53
B	14.12	8.97	5.15	30	-1	31
CCC and Below	0.60	0.00	0.60	43	0	43
Not Rated	1.11	0.00	1.11	0	0	0
Interest Rate Derivatives	0.00	0.00	0.00	0	0	0
FX / Derivative P&L	0.22	0.00	0.22	0	0	0
Cash	4.48	0.00	4.48	0	0	0
Rounding adjustment	0.01	0.00	-	-1	0	-1
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>14</b>	<b>-5</b>	<b>19</b>

Exposure as a percent of total net assets and contribution to duration-times-spread (DTS). 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance). DTS includes the effect of derivatives. For ratings breakdown, worst of the two best ratings from across S&P, Moody's and Fitch is applied (commonly known as the Basel method).

## Maturity Profile (Contribution to Duration)

	Fund	Index	Relative
0 to 1 years	0.0	0.0	0.0
1 to 3 years	1.1	1.2	-0.1
3 to 5 years	1.0	1.1	-0.2
5 to 10 years	0.8	0.2	0.6
10 to 15 years	0.1	0.0	0.1
15 to 20 years	0.0	0.0	0.0
20 to 25 years	0.0	0.0	0.0
25 to 30 years	0.1	0.0	0.1
30 to 40 years	0.0	0.0	0.0
40 + years	0.0	0.0	0.0
Rounding adjustment	-0.1	0.0	0.0
<b>TOTAL</b>	<b>3.0</b>	<b>2.5</b>	<b>0.5</b>

Includes the effect of interest rate derivatives such as government bond futures, inflation swaps and interest rate swaps.

## Currency Exposure

	Before Hedging	After Hedging	Index
BRL	25.51	27.06	26.77
MXN	21.34	19.60	21.25
ILS	10.62	14.87	13.74
TRY	8.75	10.27	8.97
COP	5.99	7.63	6.24
Other	27.79	20.57	23.04
Rounding adjustment	0.00	0.00	-0.01
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Exposure as a percent of total net assets.

This table shows the currency exposure and hedging of the fund's investments.

The "After Hedging" column shows the currency exposure relevant to the investor.

## Regional Exposure - Domicile Of Issuer

	Security Holdings (excl. Derivatives)			Contribution to Duration (incl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Multinational	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
United States (& Other Amer.)	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Canada	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
United Kingdom (& Ire.)	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
France	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Germany (& Aust.)	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Benelux	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Scandinavia	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Mediterranean	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Switzerland	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Other Europe	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Japan	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Australia & N.Z.	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Asia ex Japan ex Aus.	7.78	5.59	2.19	0.4	0.3	0.1	-3	-1	-1
C.I.S / Eastern Europe	11.26	11.98	-0.71	0.5	0.4	0.1	-1	-1	0
Latin America	58.91	59.92	-1.01	1.4	1.3	0.1	41	-2	43
Middle East / N Africa	13.87	13.74	0.13	0.3	0.3	0.0	-1	0	-1
Sub-Saharan Africa	3.46	8.77	-5.31	0.1	0.3	-0.2	31	0	32
Other	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Unclassified	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
FX / Derivative P&L	0.22	0.00	0.22	0.3	0.0	0.3	-54	0	-54
Index Credit Default Swaps	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Cash	4.48	0.00	4.48	0.0	0.0	0.0	0	0	0
Rounding adjustment	0.02	0.00	-	0.0	-0.1	0.1	1	-1	0
Total	100.00	100.00	-	3.0	2.5	0.5	14	-5	19

Security Holdings as a percent of total net assets. Contribution to duration (CTD) and contribution to duration-times-spread (DTS) are in the appropriate units of measure. CTD and DTS include the effect of derivatives. 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance).

## Top 10 Long Exposures By Issuer

	Fund	Index	Relative
(BNTNB) Federative Republic of Brazil	25.46	26.77	-1.31
(MUDI) United Mexican States	20.45	21.25	-0.79
(ILCPI) State Of Israel	10.58	13.74	-3.17
(TURKGB) TURKEY REP 1.5% 06/18/25	8.53	8.97	-0.44
(COLTES) TITULOS DE TES I/L 3.5% 5/7/25	5.95	6.24	-0.29
(BTUCL) B TESORERIA GEN 0% 03/01/25	5.61	5.67	-0.06
(KTBI) Republic of Korea	5.02	2.80	2.23
(EGYGB) EGYPT ARAB GOVT 14.313% 10/23	3.09	0.00	3.09
(THAIGB) Kingdom Of Thailand	2.76	2.80	-0.04
(RFLB) RUSSIAN FEDN 5.9% 03/12/31	2.74	0.00	2.74

Top long exposures are those bond issuers that reflect the largest percentage of the fund's total net assets. The effect of credit derivatives is included where the reference entity is a specific bond issuer. Government bond futures and index credit default swaps are excluded.

## Top Overweights By Issuer

	Fund	Index	Relative
(EGYGB) EGYPT ARAB GOVT 14.313% 10/23	3.09	0.00	3.09
(RFLB) RUSSIAN FEDN 5.9% 03/12/31	2.74	0.00	2.74
(KTBI) Republic of Korea	5.02	2.80	2.23
(GHGB) REPUBLIC OF GHA 17.6% 02/20/23	1.83	0.00	1.83
(MBONO) Mex Bonos Desarr Fix Rt	0.90	0.00	0.90
(ZAMBIN) Republic Of Zambia	0.71	0.00	0.71
(KENIB) Republic of Kenya	0.67	0.00	0.67
(ARGENT) ARGENTINA GOVT STEP 07/09/35	0.54	0.00	0.54
(UGANGB) REPUBLIC OF UGA 17.5%	0.25	0.00	0.25
(LEBAN) LEBANON REP 6.25% 6/12/25	0.21	0.00	0.21

## Top Underweights By Issuer

	Fund	Index	Relative
(SACPI) Republic Of South Africa	0.00	8.77	-8.77
(ILCPI) State Of Israel	10.58	13.74	-3.17
(RFLBI) Russia I/L Bond - Ofz	0.00	3.01	-3.01
(BNTNB) Federative Republic of Brazil	25.46	26.77	-1.31
(MUDI) United Mexican States	20.45	21.25	-0.79
(TURKGB) TURKEY REP 1.5% 06/18/25	8.53	8.97	-0.44
(COLTES) TITULOS DE TES I/L 3.5% 5/7/25	5.95	6.24	-0.29
(BTUCL) B TESORERIA GEN 0% 03/01/25	5.61	5.67	-0.06
(THAIGB) Kingdom Of Thailand	2.76	2.80	-0.04

Top overweights and underweights are those bond issuers that have the largest active positions relative to the index holding. The effect of credit derivatives is included where the reference entity is a specific bond issuer. Government bond futures and index credit default swaps are excluded.

## Glossary

### Volatility & Risk

**Annualised volatility:** a measure of how variable returns for a fund or comparative market index have been around their historical average (also known as “standard deviation”). Two funds may produce the same return over a period. The fund whose monthly returns have varied less will have a lower annualised volatility and will be considered to have achieved its returns with less risk. The calculation is the standard deviation of 36 monthly returns presented as an annualised number. Volatility for funds and indices are calculated independently of each other.

**Relative volatility:** a ratio calculated by comparing the annualised volatility of a fund to the annualised volatility of a comparative market index. A value greater than 1 indicates the fund has been more volatile than the index. A value less than 1 shows the fund has been less volatile than the index. A relative volatility of 1.2 means the fund has been 20% more volatile than the index, while a measure of 0.8 would mean the fund has been 20% less volatile than the index.

**Sharpe ratio:** a measure of a fund’s risk-adjusted performance, taking into account the return on a risk-free investment. The ratio allows an investor to assess whether the fund is generating adequate returns for the level of risk it is taking. The higher the ratio, the better the risk-adjusted performance has been. If the ratio is negative, the fund has returned less than the risk-free rate. The ratio is calculated by subtracting the risk-free return (such as cash) in the relevant currency from the fund’s return, then dividing the result by the fund’s volatility. It is calculated using annualised numbers.

**Annualised alpha:** the difference between a fund’s expected return (based on its beta) and the fund’s actual return. A fund with a positive alpha has delivered more return than would be expected given its beta.

**Beta:** a measure of a fund’s sensitivity to market movements (as represented by a market index). The beta of the market is 1.00 by definition. A beta of 1.10 shows that the fund could be expected to perform 10% better than the index in up markets and 10% worse in down markets, assuming all other factors remain constant. Conversely, a beta of 0.85 indicates that the fund could be expected to perform 15% worse than the market return during up markets and 15% better during down markets.

**Annualised tracking error:** a measure showing how closely a fund follows the index to which it is being compared. It is the standard deviation of the fund’s excess returns. The higher the fund’s tracking error, the higher the variability of fund returns around the market index.

**Information ratio:** a measure of a fund’s effectiveness in generating excess return for the level of risk taken. An information ratio of 0.5 shows the fund has delivered an annualised excess return equivalent to half the value of the tracking error. The ratio is calculated by taking the fund’s annualised excess return and dividing it by the fund’s tracking error.

**R2:** a measure representing the degree to which a fund’s return can be explained by the returns of a comparative market index. A value of 1 signifies the fund and index are perfectly correlated. A measure of 0.5 means only 50% of the fund’s performance can be explained by the index. If the R2 is 0.5 or lower, the fund’s beta (and therefore its alpha too) is not a reliable measure (due to a low correlation between fund and index).

### Ongoing charges

The ongoing charges figure represents the charges taken from the fund over a year. It is calculated at the fund’s financial year end and may vary from year to year. For classes of funds with fixed ongoing charges, this may not vary from year to year. For new classes of funds or classes undergoing corporate actions (eg amendment to annual management charge), the ongoing charges figure is estimated until the criteria are met for an actual ongoing charges figure to be published. The types of charges included in the ongoing charges figure are management fees, administration fees, custodian and depositary fees and transaction charges, shareholder reporting costs, regulatory registration fees, Directors fees (where applicable) and bank charges. It excludes: performance fees (where applicable); portfolio transaction costs, except in the case of an entry/exit charge paid by the fund when buying or selling units in another collective investment undertaking.

For more information about charges (including details of the fund’s financial year end), please consult the charges section in the most recent Prospectus.

### Independent Assessment

**Scope Fund Rating:** The rating measures how well a fund has balanced risk and reward relative to its peers. The rating is based solely on performance for funds with a five year track record. Funds with a shorter history also undergo qualitative assessment. For example, this may include looking at management style. The rating scale is A = very good, B = good, C = average, D = below average and E = poor.

**Morningstar Star Rating for Funds:** The rating measures how well a fund has balanced risk and reward relative to its peers. Star ratings are strictly based on past performance and Morningstar suggests investors use them to identify funds that are worthy for further research. The top 10% of funds in a category will receive a 5-star rating and the next 22.5% receive a 4-star rating. Only ratings of 4 or 5 stars are displayed on the factsheet.

**Morningstar Style Box:** The Morningstar Style Box is a nine-square grid that provides a graphical representation of the investment style of funds. It is based on fund holdings and classifies funds according to market capitalisation (the vertical axis) and growth and value factors (the horizontal axis). The value and growth factors are based on measures such as earnings, cashflow and dividend yield and use both historical and forward-looking data.

**Primary share class:** is identified by Morningstar when the analysis calls for only one share class per fund to be in the peer group. It is the share class Morningstar recommends as the best proxy for the portfolio for the relevant market and category/GIF combination. In most cases the share class chosen will be the most retail version (based upon actual management charge, inception date, distribution status, currency and other factors) unless a share class that is less retail focused has a much longer track record. It is different to the oldest share class data point in that it is on an available for sale level and not all markets will have the oldest share class for sale in that region. The Primary share class is also based on category so each available for sale/category combination for the fund will have its own primary share class.



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### Portfolio Characteristics

#### Distribution Yield (%)

The Distribution Yield reflects the amounts that may be expected to be distributed over the next twelve months as a percentage of the mid-market unit price of the fund as at the date shown and is based on a snapshot of the portfolio on that day. It includes the fund's ongoing charges but does not include any preliminary charge and investors may be subject to tax on distributions.

#### Effective Duration

Duration is a measure of sensitivity of the fund value to changes in interest rates.

Effective duration is a duration calculation for bonds with embedded options (such as a call or a put option). It takes into account that expected cash flows will fluctuate as interest rates change and affect a bond's price.

The effective duration of a fund is calculated by a market weighted sum of the effective duration of each individual instrument. The effect of derivatives such as bond futures and interest rate swaps are included in the calculation.

#### Running Yield (%)

Describes the income investors get from their portfolio as a percentage of market value of the securities, incorporating the effect of derivatives. It should not be relied on as a measure of expected fund return (or distribution). Bonds with high probability of default are excluded from the calculation. The running yield does not reflect the total return over the life of the bond and takes no account of reinvestment risk (the uncertainty about the rate at which future cash flows can be reinvested) or the fact that bonds usually mature at par value, which can be an important component of a bond's return. The running yield does not include the impact of fees.

#### Yield to Maturity (%)

The Yield to Maturity (also known as the Redemption Yield) is the aggregate of all anticipated returns on each individual bond within the portfolio expressed as an annual rate based on market value as at date shown, coupon rate and time to maturity of each bond. It is based on a snapshot of the portfolio on that date. The redemption yield is gross of the fund's charges and gross of tax.

#### Average Maturity (Years)

The market-weighted average maturity of bonds held in the portfolio. Perpetual bonds are assigned a maturity of 31 December 2049. Derivatives are excluded from the calculation.

#### Average Coupon (%)

The coupon is the interest rate stated on a bond when it is issued. Average Coupon is the weighted average coupon of bonds held in the portfolio. Derivatives are excluded from the calculation.

#### Spread Duration

The sensitivity of the price of a bond to a change in its Option Adjusted Spread.

#### Option Adjusted Spread (Basis Points)

Option Adjusted Spread (OAS) measures the yield spread that is not directly attributable to the bond's characteristics. OAS is a measurement tool for evaluating price differences between similar bonds with different embedded options. A larger OAS implies a greater return for greater risks.

#### Duration Times Spread (DTS)

DTS is a measure of credit risk sensitivity that utilises credit spread and credit spread duration based on current market valuations. It is superior to spread duration as a standalone measure of credit risk because it recognises that securities with a higher spread tend to experience greater spread changes. The portfolio's DTS is the value weighted sum of the DTS of each individual instrument.

#### Number of Holdings

The number of bonds and derivatives held in the fund. Where the fund invests in another fund, it is counted as one holding. FX (foreign exchange) forwards are excluded. These are forward contracts that allow currency to be bought or sold at an agreed price on a future date.

#### Number of Names

The total number of individual issuers whose bonds are held in the fund. Since the fund will often hold more than one bond from an issuer, this figure is generally lower than the number of holdings.

#### Average Credit Rating

This is the weighted average of all the bond credit ratings in the fund, expressed using the industry standard letter system (ie AAA, BBB). It takes into account all investments in the fund, including derivatives. This measure gives an idea of how risky the fund's bonds are overall: the lower the average credit rating, the riskier the fund.

With a Linear weighted average, the weight assigned to each issue is equal to its market value weight. With an Exponential weighted average, the weight gets proportionally higher for lower-quality credit. In both calculations, the final value is the S&P-equivalent rating nearest to the calculated average.

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**Portfolio Turnover Rate (PTR) and Portfolio Turnover Cost (PTC), where shown:** SRDII does not define a methodology for these values; ours is as follows: **PTR** = (purchases of securities + sales of securities) minus (subscriptions of units + redemptions of units), divided by average fund value over the prior 12 months multiplied by 100. Any funds' trading in Fidelity Institutional Liquidity Funds is excluded from the PTR calculation. **PTC** = PTR (capped at 100%) x transaction cost, where transaction cost is calculated as ex-post (i.e. prior 12 months) MiFID disclosure of portfolio transaction costs minus implicit costs.



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